

AHCA Comments for House Democratic Caucus

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“Taking the Country Backward”

Thank you. I'm pleased to be here today.

The health care legislation supported by the House Republican leadership would take our country backward, not forward. It would do that in at least 4 important ways:

First, the legislation would entirely reverse the progress of the past several years in expanding health insurance coverage in this country. The number of uninsured Americans under the age of 65 was 50 million in 2010, is 26 million today, and would be 52 million in 2027 under this legislation, according to CBO's projection. That is a doubling in the number of uninsured Americans. To be sure, CBO's projection is probably not entirely accurate, just as CBO's projections for the Affordable Care Act were not entirely accurate. But there is no evidence to suggest that the government could cut subsidies through the insurance marketplaces in half and make unprecedented cuts in Medicaid without dramatically increasing the number of Americans without health insurance.

Second, that dramatic increase would **not** primarily be a result of people having greater freedom to choose to be uninsured; it would primarily be a result of people not being able to afford health insurance. Yes, the elimination of the penalties for not buying health insurance would cause a sharp decline in insurance coverage in the next few years. But the 50 percent cut in the average subsidy in insurance marketplaces would greatly reduce the **affordability** of insurance. And the projected loss of coverage in the long run is concentrated in people who would **lose eligibility for Medicaid**. If you lose eligibility for Medicaid, you are not **deciding** to become uninsured; you are losing your access to health insurance and affordable health care. The evidence is clear: The bill is not as much about giving people more choices as about taking away their existing opportunities.

Third, the removal of opportunities in this bill would not represent shared sacrifice for the national good but rather targeted sacrifice by lower- and middle-income Americans. The government currently subsidizes health insurance and health care for nearly all Americans -- support provided under the ACA, but also support for elderly Americans through Medicare, for some lower-income and disabled Americans through Medicaid as it existed prior to the Affordable Care Act, and for 150 million Americans who

receive health insurance through their employers and can exclude that insurance from their taxable income. Those *tax* provisions provide most of their benefit to *higher-income* Americans -- 34 percent to Americans in the top quintile of the income distribution and only 22 percent to Americans in the bottom *two* quintiles put together, according to CBO's estimates several years ago. The Republican bill would not scale back all of the existing tax subsidies in a way that shares the burden. Instead, it would leave the tax subsidies for higher-income Americans fully in place and clobber the tax subsidies -- and spending subsidies -- for lower-and middle-income Americans.

Fourth, the legislation would take us backward by providing a large tax cut focused on the very top of the income distribution. We know that many Americans across most of the income distribution have benefited relatively little from the growth of overall national income during the past several decades, while people at the top of the income distribution have done very well. Indeed, a central theme of last year's election campaign was the importance of government policy focusing more effectively on the needs of people who are not the economic elite. Yet, the one percent of households with the highest incomes would receive 40 percent of the gains from repealing the tax

increases under the ACA, according to estimates by the Tax Policy Center.

Are there other advantages of this legislation that would offset all of those ways in which the legislation would take our country backward? No. There is no need to make dramatic changes to the ACA. Although the insurance marketplaces are not attracting as many enrollees as many of us would like, they are not in a death spiral, and the competition among private insurers in the marketplaces could be strengthened through modest policy changes. In addition, the vaunted deficit reduction from this bill represents just a few percent of projected deficits under current law. Certainly, every bit helps, but this bill is not a significant part of a true deficit-reduction strategy. Moreover, the small reduction in average insurance premiums in the long run from this bill would occur largely because average out-of-pocket costs would rise considerably and because older Americans, who need more health care, would be less able to afford insurance and therefore would not be in the risk pool. Those are hardly accomplishments to write home about.

So, why is this legislation on the table now? Why is it the most important priority for House Republicans? I'm baffled that anyone could have watched last year's election

campaign, seen the frustration and anger of many working Americans, and concluded that the most important thing they could do for our country is to make health care unaffordable for tens of millions of Americans of modest means who can afford care now while cutting taxes for the richest Americans.

In some ways, the Administration seems to understand this point. The President promised not to cut Medicaid benefits and said that “everybody’s going to be taken care of much better than they’re taken care of now” and “the government’s gonna pay for it.” The Secretary of Health and Human Services said “Nobody will be worse off financially.” The Secretary of the Treasury said “There would be no absolute tax cut for the upper class.” Without a doubt, all of those promises would be broken by this legislation.

Thank you.